

DD/S&T-1368-63

12 September 1963

MEMORANDUM FOR: Deputy Director (Science and Technology)

SUBJECT: FY 1964 Office Programs - Affect of
Funds Reduction

25X1A 1. The attached schedule (Appendix A) reflects an
25X1A underfunding of DD/S&T total requirements for FY 1964 of
[REDACTED]. The stated requirements against which the reduced
allowances were authorized did not include any provision for
funding [REDACTED] or the additional increases in personnel staf-
fing, as related in DD/S&T memorandum of 28 August 1963
(Appendix B). Paragraph 4. contains a summary statement of
funds required to cover the increased staffing requirements.

2. This paper discusses only the affect of the decreased
allowances on Office efforts in research and development,
equipment procurement, and generally related activities. The
affect on individual Offices is related in subsequent para-
graphs. However, it can be stated that, in general:

a. No current, major program supported by
DD/S&T efforts will have to be deferred or cancelled
although each activity to which DD/S&T makes a contri-
bution must expect something less than was anticipated
in earlier planning stages.

b. A less vigorous "Advanced Development and
Applied Technique" program of research in both OEL
and ORD might defer to a later date the utilization
of advanced techniques in higher quality intelligence
collection operations.

c. Long-range development planning in OSI, OEL
and ORD, particularly, must be revised and accommodated
to funds availability in FY 1964 and 1965.

25X1A d. Reinstrumentation and reequipping laboratories
and facilities can be only partially accomplished (e.g.,
[REDACTED] training facility discussed in Paragraph 3
under OEL).

SECRET

Subject: FY 1964 Office Programs 2

3. The affect of the reduced allowances on the individual Office programs is as follows:

O/DD/S&T

The very small reduction in the Office allowance presents no serious problem. A commensurately increased funds allowance to cover salary and related costs of any personnel increases authorized in FY 1964 should provide adequate funding to cover planned efforts.

OCS

Costs in this Office are almost entirely in machine rentals and staff salaries. OCS derives its funds in FY 1964 exclusively from those budgeted by the DD/I and the DD/S for funding the ADPS operation. Any increased costs resulting from installation of additional equipment, or increased tasking, not presently planned for in the budget, will have to be funded from DD/S&T resources or by the non-DD/S&T component requiring the service.

OSI

Of all DD/S&T Offices, OSI has the most serious problem in funding its planned FY 1964 program. Fixed costs of salaries and related expenses, travel and other overhead items, constitute about one half of total Office funds requirements. Assuming no reduction in personnel is contemplated, the reduced allowances must be accommodated in the External Research Program area. The original OSI ERP was planned for and budgeted at the level of [REDACTED], which amount was reduced to [REDACTED]. From the latter figure, [REDACTED] must be taken as the OSI share of the 7090 computer installation costs. While an additional [REDACTED] was withheld as "deferred funds", it would appear that OSI would have little difficulty in recovering this amount at about mid-year or sooner if compelling justification for use of the funds can be demonstrated.

25X1A

Of the [REDACTED] available for external research (including the [REDACTED] deferment), firm commitments against this total [REDACTED], leaving [REDACTED] to fund the balance of the program. Approximately 30 projects must be cut back by reduced funding, deferred until year-end funds become available, cancelled outright, or considered in the light of having such significance as to warrant reclama action by the DD/S&T. Projects planned in the FY 1964 program were of a nature which would permit OSI to carry through, for this year, the long-range development planning approved in principle on 10 October 1962 by the DDCI. The disallowance precludes any possibility of reaching this goal in FY 1964.

SECRET

Subject: FY 1964 Office Programs 3

OSA

The major affect of the reduced allowance in OSA is to decrease funds availability for personnel, travel and related overhead costs. OSA is, however, assessed with [REDACTED] as its share of the 7090 computer costs for which no provision was made in the budgeted requirements. Savings through restriction on travel and probable contingencies in other OSA budget line items will probably offset this item.

25X1A

ORD

In programming its fiscal year activities to come within the funds allowance for R&D projects, ORD plans to provide support to all major Agency programs to which it is committed. The general affect of the reduction [REDACTED] is to reduce the effort, but not the scope, in all categories of research. This will be accomplished by more critical selectivity in Advanced Research areas, phasing into a longer time span certain projects intended for completion in FY 1964, and curtailment of projects evidencing only marginal success. To the appropriate degree, the program will also reflect the tempered guidance of the [REDACTED] and other advisory committees.

25X1A

The revised program contemplates the allocation of the [REDACTED] in deferred funds for the use of ORD following a mid-year review and consequent justification for the need.

25X1A

The FY 1964 ORD research program is attached as Appendix C.

OEL

The [REDACTED] cut in stated requirements will have the general affect of reducing research and development by [REDACTED] planned procurement of equipment and instrumentation by [REDACTED], and anticipated personnel utilization by [REDACTED]

25X1A

25X1A

25X1A

25X1A

While the general plan for relocation and rehabilitation of [REDACTED] must be maintained, the funds reduction will require the planned instrumentation of this training facility to be spread throughout FY 1964 and 1965. Reinstrumentation of the Analysis Division Laboratory (HEPC) must similarly be spread over both years.

25X1A

Subject: FY 1964 Office Programs 4

Accommodating the reduction of R&D money into a more modest program can be accomplished with no reduction in the scope of the total program, particularly as regards forward-looking, applied research for COMINT and ELINT purposes. Should recently indicated trends toward lower costs of research be realized all major research objectives stemming from operational requirements may be accomplished in spite of the cut-back in funds. However, this will not be ascertainable before February-March 1964 at which time actual costs begin to surface. At that time, too, a broader Agency funds position is coming into focus and the research and development funds availability position can be more precisely estimated.

As requirements are now known and can be estimated throughout FY 1964, no Agency programs to which OEL is providing support will be materially impeded through inability to perform the necessary research because of lack of funds. A number of projects planned to be fully funded and completed in FY 1964 will be phased into FY 1965 without serious impairment to on-going operational programs. Should critical indicators so dictate, acceleration to an earlier completion date can be accomplished through reprogramming.

4. The foregoing statements on the affect of funds reductions on DD/S&T Office programs are valid provided none of the DD/S&T funds availability for R&D and equipment procurement is diverted to cover personnel and related overhead costs. Any authorized increase in staffing complements must be accompanied by commensurate additional funds allotments. Absorption of costs of salaries in currently authorized non-personnel funds allowances can only have the affect of further diluting the program effort. An estimated projection of on-duty strength by 1 July 1964 in all DD/S&T Offices based on the full authorization of our recently requested personnel increases would require an approximated additional funds allotment of [REDACTED]

25X1A

25X1A *SIGINT*

[REDACTED]
Plans and Programs Staff

Distribution:

Orig - Addressee

1 - Col Giller

1 - [REDACTED]

1 - DD/S&T Subj

1 - DD/S&T Chrono

25X1A

25X1A